

Headcount and Compensation Review

Line Item Analysis of Dealership Profit Opportunities

Dealership: **North Ocean Mercedes-Benz**
 Period Ending: **31-Aug-17**
 No. of Months Data: **8**

For Internal Use Only!

1 Control Category	2 North Ocean Mercedes-Benz YTD Jan-Aug. 2017	3 North Ocean Mercedes-Benz Avg. Month Jan-Aug. 2017	4 GH&A Internal Target for North Ocean Mercedes-Benz	5 Comments
Variable Operations - Sales & Gross				
New Passenger Cars and Trucks				
Number of New Units	862	107.8	108	
Total Dollar Sales	\$52,155,469	\$6,519,434		
Total Gross Profit	(\$133,749)	(\$16,719)		
Average Gross Profit	(\$155)	(\$155)		
Other New Vehicle Income (M-B Incentives)	\$1,985,662	\$248,208		
Total Gross Profit <i>(Includes Incentives)</i>	\$1,851,913	\$231,489	\$232,200	
Average Gross Profit	\$2,148	\$2,148	\$2,150	
Total Cost of Sales - New Vehicles	\$52,289,218	\$6,536,152		
Avg. Cost of Sales - New Vehicles	\$60,660	\$60,660		
Used Vehicle Retail Units	629	78.6	79	
Used to New Selling Ratio	72.97%	72.97%		
Total Retail Dollar Sales	\$23,463,689	\$2,932,961		
Total Retail Gross	\$1,300,139	\$162,517		
Average Gross Profit Per Retail Unit	\$2,067	\$2,067		
Total Cost of Sales - Retail	\$22,163,550	\$2,770,444		
Average Cost of Sales - Retail	\$35,236	\$35,236		
Other Used Vehicle Income (M-B Incentives)	\$72,566	\$9,071		
Per Retail Vehicle Sold	\$49	\$49		
Total Used Vehicle Dept. Gross - Vehicles	\$1,873,778	\$234,222	\$235,420	
Average Gross Profit Per Retail Unit	\$2,979	\$2,979	\$2,980	
Total Retail Units	1,491	186.4	187	
Total F&I Net Income - New Vehicles	\$1,783,009	\$222,876		
Per New Vehicle Sold	\$2,068	\$2,068		
Total F&I Net Income - Used Vehicles	\$798,722	\$99,840		
Per Used Vehicle Sold	\$1,270	\$1,270		
Total Net F&I/Other	\$2,581,731	\$322,716	\$324,445	
Per Retail Vehicle Sold	\$1,732	\$1,732	\$1,735	
Total <u>Adjusted</u> Operating Gross - Variable Per Retail Unit	\$6,307,422 \$4,230	\$788,428 \$4,230	\$792,065 \$4,236	

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Head Count and Compensation - Variable Operations				
Sales Personnel - (Includes BDC Coordinators, Product Specialists, Team Leaders, and Closers)				
Retail Units per Salesperson per Month	5.82	9.0		
Total Number of Salespeople Required	32	21		
Compensation Percentage of Adjusted Operating Gross	25.3%	13.50%		4 Product Specialists
Total Sales Compensation	\$199,752	\$106,929		5 BDC Representatives - @ WAY TOO MUCH per person
Average Compensation per Salesperson	\$6,242.25	\$5,091.85		23 Sales Personnel - 5 Internet, 18 conventional
Average Compensation per Retail Unit Sold	\$1,072	\$571.81		
Financial Services Department Producers - (Includes the Finance Director)				
Retail Units per Producer per Month	62.13	65		
Total Number of Producers Required	3	3		
Compensation Percentage of Adjusted Operating Gross	6.7%	4.50%		
Total Financial Services Compensation	\$52,718	\$35,643		
Compensation Percentage of Financial Services Income	16.34%	10.99%		
Average Compensation per Producer	\$17,572.67	\$11,880.98		
Average Compensation per Retail Unit Sold	\$283	\$190.60		
Sales Managers - (Excludes the Dealership General Manager and Controller)				
Number of Salespersons per Manager	4.6	5		
Total Number of Managers Required	7.00	4		
Compensation Percentage of Adjusted Operating Gross	9.2%	6.50%		
Total Sales Management Compensation	\$72,181	\$51,484		
Average Compensation per Sales Manager	\$10,311.57	\$12,871.06		
Average Compensation per Retail Unit Sold	\$387	\$275.32		
Other Salaries and Wages - (Excludes Clerical and Administrative Personnel that Report to the Controller)				
Compensation Percentage of Adjusted Operating Gross	1.6%	2.50%		
Total Other Salaries & Wages Expense	\$12,370	\$19,802		
Average Compensation per Category Employee	\$3,092.50	\$3,500		
Number of Personnel Budgeted for this Category	4	6.0		Projection Includes (2) Asset Management Specialists
Average Compensation per Retail Unit Sold	\$16.59	\$105.89		

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Variable Operations Totals				
Total Number of Employees in Above Categories		46	34	
Adjusted Gross per Employee per Month		\$17,140	\$23,296	
Total Compensation in Above Categories		\$337,021	\$213,858	
Compensation Percentage of Adjusted Operating Gross		42.75%	27.00%	
Average Compensation per Retail Unit Sold		\$1,808.30	\$1,143.62	
Fixed Operations - Sales & Gross				
Service Department - Sales & Gross				
Total Service Labor Sales	\$7,715,451	\$964,431	\$964,500	
Total Service Labor Gross	\$5,483,743	\$685,468	\$685,500	
Total Service Department Sales	\$8,870,635	\$1,108,829	\$1,109,000	
Total Service Department Gross	\$5,719,640	\$714,955	\$715,000	
Total Customer, ESP, and Warranty Hours Billed	49,232.0	6,154.0	6,150	
Total Internal Hours Billed	20,179.0	2,522.4	2,525	Includes Detail Hours
Total Shop Hours Billed	69,411.0	8,676.4	8,675	
(Note: If Detail Hours Are Includes In the Above Total, They Will Need to be Subtracted)				
Total Customer and ESP R.O. Count	14,644	1,830.5	1,830	
Total Warranty R.O. Count	6,433	804.1	804	
Estimated Total Customer Count	17,861	2,232.6	2,232	
Head Count and Compensation - Service Department				
Technicians - (Includes All Skill Levels of Mechanical Technicians, but Excludes Technician Trainees and Detailers)				
Average Hours Produced per Technician per Month		206.58	200	
Total Number of Technicians Required		42.00	43.0	
Memo: Number of Internal Technicians Required		4.00	12.6	Includes Detail Personnel
(Note: The Assumption Here Is That Detailers Are Not Included in this Analysis)				
Total Cost of Sale on Service Labor		\$273,511.00	\$279,000	
Average Monthly Income per Mechanical Technician		\$6,512.00	\$6,488.37	
Labor Gross Profit per Service Technician per Month		\$15,581.00	\$15,942	

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Service Advisors [ASMs] - (Includes Appointment Coordinators, Reservationists, and Service Greeters)				
Customer Count per ASM per Month		223.26	275	
Number of Customer ASMs Required		10.00	8	
Hours Billed per Customer ASM per Month		615.40	768.8	
Hours Billed per Internal ASM per Month		1,261.20	950	Includes Detail Hours - How Many (550 ??)
Number of Internal ASMs Required		2.00	3	
(Note: The Assumption Here Is That Detailers Are Not Included In this Analysis)				
Total Number of ASMs Required		12.00	11	
Ratio: Technicians to ASMs		3.50	3.909	
Ratio of Sales Support Personnel (Appointment Coordinators, Reservationists, and Service Greeters) to ASMs			0.250	
Total Number of Sales Support Required		6.00	3	Appointments, Loaners,
Total Number of Service Sales Personnel Required		18.00	14	
Compensation Percentage of Department Gross		18.15%	11.00%	
Total Service Sales Compensation		\$129,761	\$78,650	
Average Compensation per Category Employee		\$7,208.94	\$5,617.86	
Department Gross Profit per Category Employee per Month		\$39,720	\$51,071	
Department Managers - (Excludes the Dealership General Manager and Controller)				
Number of Service Sales Personnel per Sales Manager		9.0	7	
Total Number of Sales Managers Required		2	2	
Number of Technicians per Production/Technical Manager		21	20	
Total Number of Production/Technical Managers Required		2	2	
Number of Department Managers Required		1	1	
Number of Divisional (Fixed) Managers Required		0.0	0.65	
Total Number of Category Managers Required		5.0	5.65	
Compensation Percentage of Operating Gross		7.5%	6.50%	
Total Service Management Compensation		\$53,394	\$51,484	
Average Compensation per Department Manager		\$10,679	\$9,112.25	
Department Gross Profit per Manager per Month		\$142,991	\$126,549	
Other Salaries and Wages - (Excludes Clerical and Administrative Personnel that Report to the Controller)				
Compensation Percentage of Operating Gross		13.9%	6.00%	
Total Other Salaries & Wages Expense		\$99,539	\$47,524	
Average Compensation per Category Employee		\$4,327.78	\$2,500	Valets, Greeters, Car Wash, Administrative @ \$25.00 per hour
Number of Personnel Budgeted for this Category		23	19.0	

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Service Department Totals				
Total Number of Employees in Above Categories		88.00	81.65	
Department Gross per Employee per Month		\$8,124	\$8,757	
Total Compensation in Above Categories (Excluding Technicians)		\$282,694	\$177,658	
Compensation Percentage of Department Gross		39.54%	24.85%	
Parts Department - Sales & Gross				
Wholesale Parts Sales	\$3,523,817	\$440,477	\$440,500	
Wholesale Parts Gross	\$840,397	\$105,050	\$105,000	
Counter Retail Parts Sales	\$461,490	\$57,686	\$57,700	
Counter Retail Parts Gross	\$172,032	\$21,504	\$21,500	
Total Parts Department Sales	\$12,383,429	\$1,547,929	\$1,548,000	
Total Parts Department Gross	\$3,698,420	\$462,303	\$462,300	
Head Count and Compensation - Parts Department				
Sales Personnel - (Includes Front and Back Counter Sales and Outside Sales)				
Counter Retail Sales per Salesperson		\$57,686	\$50,000	
Number of Counter Retail Salespersons Required		1.0	1.0	
Wholesale Parts Sales per Salesperson		\$220,239	\$150,000	
Number of Wholesale Parts Salespersons Required		2.0	3.0	
Number of Technicians per Back Counter Salesperson		10.5	8.0	
Number of Back Counter Parts Salespersons Required		4.0	5.0	
Total Number of Parts Sales Personnel Required		7.0	9.0	
Compensation Percentage of Department Gross		11.65%	12.00%	
Total Parts Sales Compensation		\$53,848	\$55,476	
Average Compensation per Category Employee		\$7,693	\$6,164.00	
Department Gross Profit per Category Employee per Month		\$66,043	\$51,367	
Department Managers - (Excludes the Dealership General Manager and Controller)				
Number of Parts Sales Personnel per Sales Manager		4.00	10	
Total Number of Sales Managers Required		1.00	1.0	
Number of "Other" Employees per Warehouse Manager		0.00	10	
Total Number of Warehouse Managers Required		0.00	1.0	
Number of Department Managers Required		1.00	1.0	
Number of Divisional (Fixed) Managers Required		0.00	0.35	
Total Number of Category Managers Required		2.00	3.35	
Compensation Percentage of Operating Gross		4.47%	5.00%	
Total Parts Management Compensation		\$20,668	\$23,115	
Average Compensation per Department Manager		\$10,334	\$6,900.00	
Department Gross Profit per Manager per Month		\$231,151	\$138,000	

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<u>Other Salaries and Wages</u> - (Includes Warehouse Team Leaders and All Non-Sales Non-Management Personnel and Excludes Clerical and Administrative Personnel that Report to the Controller)				
Compensation Percentage of Operating Gross		4.49%	8.00%	
Total Other Salaries & Wages Expense		\$20,737	\$36,984	
Average Compensation per Category Employee		\$2,592.13	\$3,500	
Number of Personnel Budgeted for this Category		8	11.0	
Parts Department Totals				
Total Number of Employees in Above Categories		17.00	23.35	
Department Gross per Employee per Month		\$27,194	\$19,799	
Total Compensation in Above Categories		\$95,253	\$115,575	
Compensation Percentage of Department Gross		20.60%	25.00%	